

Table 1
Descriptive Statistics—PSID and ATUS Data

	Mean	p25	Median	p75
	(1)	(2)	(3)	(4)
<u>A. ATUS Descriptive Statistics</u>				
Nonzero child care time (head)	0.69			
Nonzero child care time (wife)	0.92			
(Imputed) child care annual hours (head)	330	299	331	360
Child care annual hours (wife) including 0's	604	251	503	836
Child care annual hours (wife) excluding 0's	655	303	542	867
Observations	3,171			
<u>B. PSID Descriptive Statistics</u>				
Total consumption (excluding durables)	42,716	27,608	37,217	51,076
Leisure of husband	2,086	1,730	2,080	2,240
Leisure of wife	2,410	2,080	2,240	2,672
Hours of husband	2,074	1,920	2,080	2,430
Hours of wife	1,750	1,488	1,920	2,080
Hourly wage of husband	30.09	15.89	23.66	36.13
Hourly wage of wife	21.65	12.15	17.89	26.52
Observations	11,195			

Note.—ATUS data are from 2003–14 (sample of working married couples in which the wife is aged 25–65 and the youngest child is aged 10 or less). PSID data are from the 1999–2015 (biannual) waves. The sample includes working married couples in which the wife is aged 25–65 and there are no children aged 10 or less. Consumption and wages are in 2010 prices. Leisure is calculated assuming total annual hours are 4,160 ($5 \times 16 \times 52$) (see text for details on further sample restrictions).

Table 2 has no changes.

Table 3
Parameter Estimates

	A. MRS Estimates	
	Leisure and consumption	Parental time
	(1)	(2)
φ_{L_1}	0.211 (0.037)	φ_{T_1} 0.107 (0.080)
φ_{L_2}	0.162 (0.025)	φ_{T_2} 0.411 (0.206)
ρ_L	0.535 (0.099)	ρ_T -0.288 (0.201)
η	0.903 (0.049)	
Observations	11,195	2,921
	B. Preference shifters	
	With Children	Without Children
ϕ_{L_1}	-8.884 (1.137)	-7.658 (1.010)
ϕ_{L_2}	-9.384 (1.063)	-8.793 (1.021)
ϕ_{T_1}	-25.342 (11.568)	N/A
ϕ_{T_2}	-4.817 (1.594)	N/A
$\sigma_{\epsilon_{L_2}}^2$	1.514 (0.168)	0.693 (0.087)
γ	See table 2	4,779.7 (439.92)
ϕ_c	0.135 (0.019)	Normalized to 0

Note.—In panel A the parameters are estimated by generalized method of moments. Standard errors clustered by household are in parentheses. Parameter estimates reported in col. 1 use PSID data; those reported in col. 2 use ATUS and CEX data. In panel B we report parameters estimated by the simulated method of moments (see table 4, panel A, for the list of targeted moments and the main text for data description). All parameters in this panel are for the utility in which all quantities are scaled by total available hours of 4,160. Standard errors are calculated applying a correction for two-step estimation as in Gourinchas and Parker (2002).

Table 4
List of Moments Used in Estimation

	Data	model
A. Targeted Moments (wife 30-35)		
Hours of work: wife with young kids	1,251	1,237
Hours of work: wife without young kids	1,814	1,811
Hours of work: husband with young kids	2,218	2,214
Hours of work: husband without young kids	2,126	2,115
Hours of parental time: wife with young kids	784	783
Hours of parental time: husband with young kids	346	342
p75-p50 hours: wife with young kids	504	440
p75-p50 hours: wife without young kids	212	228
Employment probability of wife with young kids	0.77	0.77
Employment probability of wife without young kids	0.90	0.90
Change in consumption when kid is born	0.075	0.076
B. Non-targeted Moments (Wife 50-55, No Kids)		
Hours of work: wife	1,411	1,660
Hours of work: husband	1,900	2,032
Employment probability of wife	0.78	0.83
p75-p50 hours: wife	283	240

Note.—All targeted moments (panel A) are calculated in the data and in the model for households in which the wife is aged 30–35 (with or without young children). All non-targeted moments (panel B) are calculated for households in which the wife is 50–55. All data moments except hours of parental time are from the PSID. Hours of parental time moments are from the ATUS.

Table 5
Consumption and Labor Supply Responses to Transitory and Permanent Shocks

	Total Response						Extensive vs Intensive margin			
	C		H_1		H_2		E_2		$H_2 Employed$	
	With kids	Without kids	With kids	Without kids	With kids	Without kids	With kids	Without kids	With kids	Without kids
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Transitory:										
Husband	0.119	0.123	0.181	0.223	-0.064	0.001	-0.043	-0.005	-0.035	0.006
Wife	0.129	0.135	0.000	-0.006	0.656	0.395	0.540	0.280	0.310	0.168
Permanent:										
Husband	0.393	0.409	0.105	0.116	-0.268	-0.142	-0.172	-0.067	-0.158	-0.088
Wife	0.350	0.375	-0.070	-0.106	0.502	0.305	0.468	0.266	0.196	0.086

Note.—Model-simulated responses for transitory and permanent shocks.

Table 6
Leisure and Parental Time Responses to Transitory and Permanent Shocks

	L_1		L_2		T_1	T_2
	With kids (1)	Without kids (2)	With kids (3)	Without kids (4)	With kids (5)	With kids (6)
Transitory:						
Husband	-0.230	-0.231	-0.003	-0.001	-0.088	0.109
Wife	-0.008	0.006	-0.223	-0.309	0.035	-0.429
Permanent:						
Husband	-0.131	-0.120	0.079	0.111	-0.065	0.208
Wife	0.084	0.110	-0.159	-0.238	0.058	-0.361

Note.—Model-simulated responses for transitory and permanent shocks

Table 7
Insurance Effects

Consumption	-3.9%	
After-tax and transfers household earnings	-5.1%	
Before-tax (after transfers) household earnings	-5.7%	
	Husband	Wife
Earners' average share of before-tax earnings	0.66	0.34
Earners' before-tax and transfers earnings response:	-10.7%	+1.8%
Hours	-1.0%	+2.7%
Leisure	+1.3%	-0.8%
Parental time	+0.6%	-2.1%

Note.—Insurance decomposition calculations based on model-simulated responses to a 10 percent permanent decline in the husband's wage.

Table 8
Consumption and Labor Supply Responses: Lowest vs. Highest Quintile of Assets
at the Beginning of the Life Cycle

	Total Response						Extensive vs Intensive margin			
	C		H_1		H_2		E_2		$H_2 Employed$	
	Low (1)	High (2)	Low (3)	High (4)	Low (5)	High (6)	Low (7)	High (8)	Low (9)	High (10)
Transitory:										
Husband	0.175	0.030	0.152	0.253	-0.107	0.023	-0.065	-0.001	-0.064	0.026
Wife	0.189	0.035	-0.020	0.041	0.565	0.894	0.463	0.744	0.266	0.421
Permanent:										
Husband	0.417	0.343	0.092	0.146	-0.267	-0.263	-0.162	-0.177	-0.163	-0.147
Wife	0.359	0.321	-0.069	-0.070	0.473	0.633	0.433	0.624	0.187	0.231

Note.—Model-simulated responses for transitory and permanent shocks. Asset quintile is defined according to simulated initial assets.

Table 9
Leisure and Parental Time Responses: Lowest vs. Highest Quintile of Assets
at the Beginning of the Life Cycle

	L_1		L_2		T_1		T_2	
	Low	High	Low	High	Low	High	Low	High
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transitory:								
Husband	-0.205	-0.272	0.018	-0.035	-0.082	-0.098	0.135	0.068
Wife	0.020	-0.052	-0.208	-0.235	0.041	0.024	-0.419	-0.431
Permanent:								
Husband	-0.121	-0.155	0.090	0.051	-0.063	-0.069	0.222	0.171
Wife	0.088	0.070	-0.163	-0.153	0.059	0.054	-0.376	-0.340

Note.—Model-simulated responses for transitory and permanent shocks. Asset quintile is defined according to simulated initial assets.

Table 10
Policy Experiments

	C	H_1	H_2	E_2	L_1	L_2	T_1	T_2
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. Experiment 1: Unconditional Subsidy for Families with Young Children								
Total	0.6%	-0.4%	-0.7%	-0.4%	0.4%	0.3%		
Before young children	1.0%	-0.4%	-0.5%	-0.2%	0.4%	0.4%		
With young children	1.3%	-0.6%	-1.7%	-1.0%	0.8%	0.7%	0.2%	0.8%
After young children	0.1%	-0.1%	-0.1%	-0.1%	0.1%	0.1%		
Consumption equivalent utility value:	0.96%							
B. Experiment 2: Employment Subsidy for Wives with Young Children								
Total	0.1%	-0.2%	1.8%	4.5%	0.2%	-0.6%		
Before young children	1.0%	-0.4%	-0.5%	-0.1%	0.4%	0.4%		
With young children	-0.3%	-0.3%	6.3%	12.8%	0.3%	-1.9%	0.3%	-4.6%
After young children	0.1%	-0.1%	-0.1%	~0%	0.1%	0.1%		
Consumption equivalent utility value:	0.16%							

Note.—See text for detailed description.

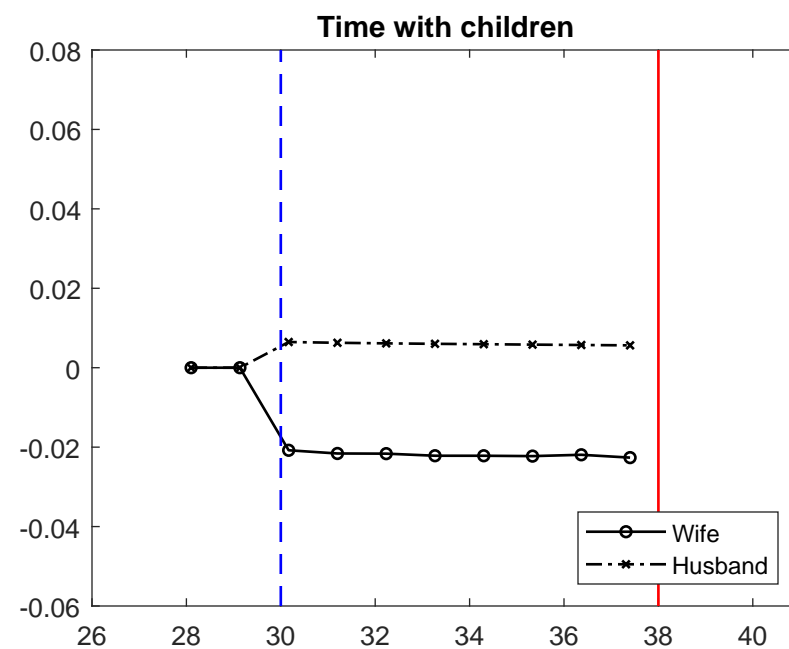
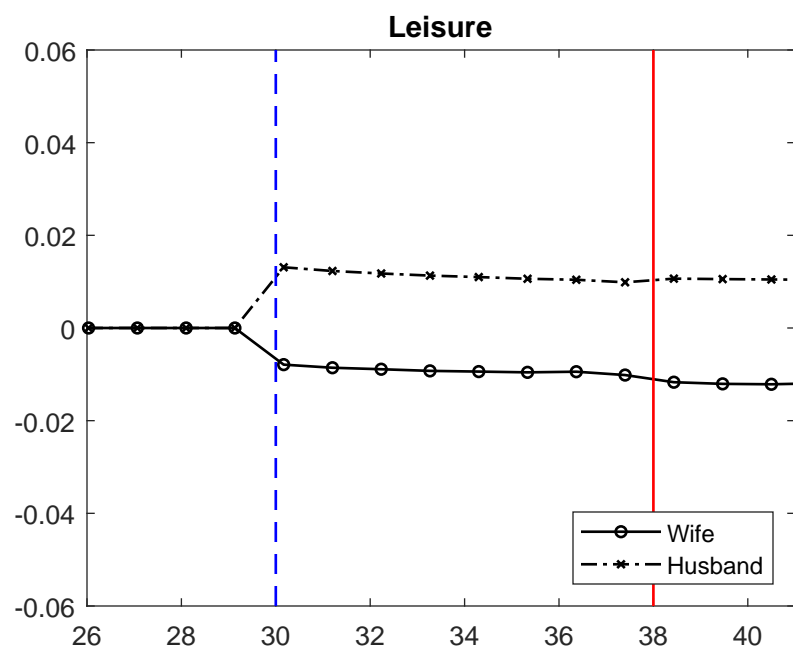
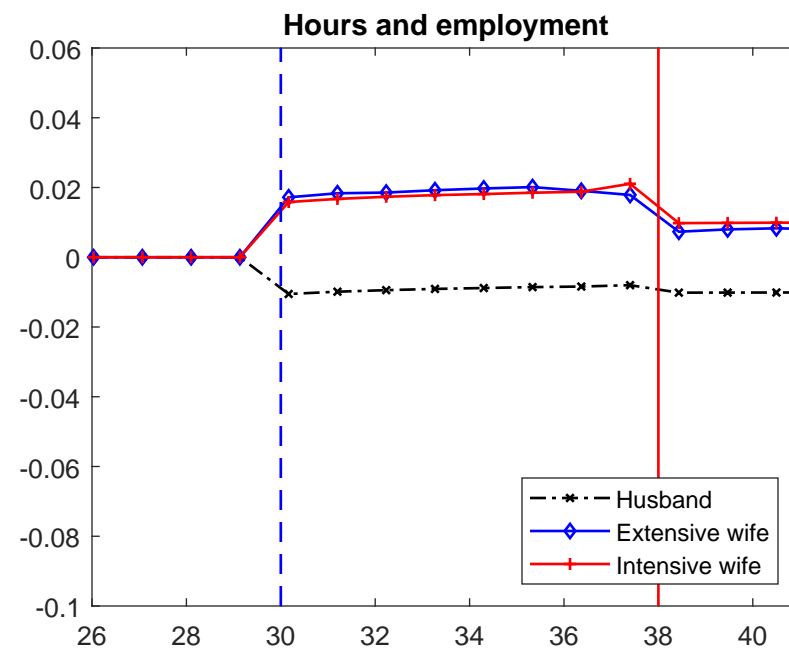
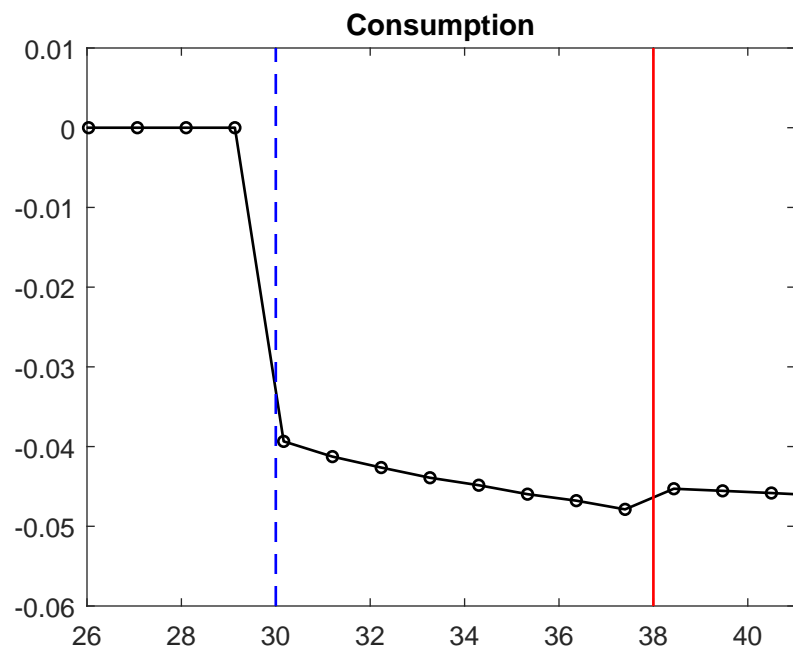


Fig. 1.—Impulse responses to a permanent 10 percent decline to husband's wages.

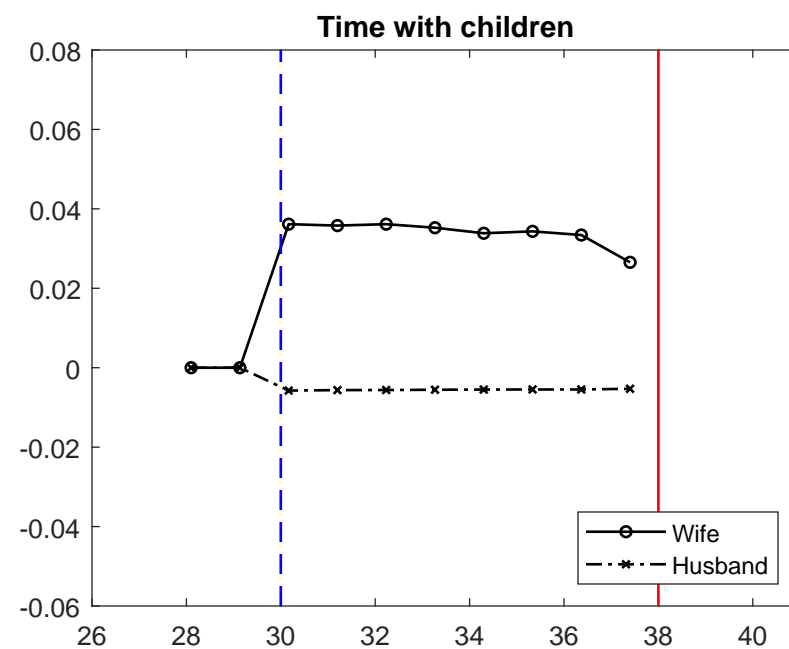
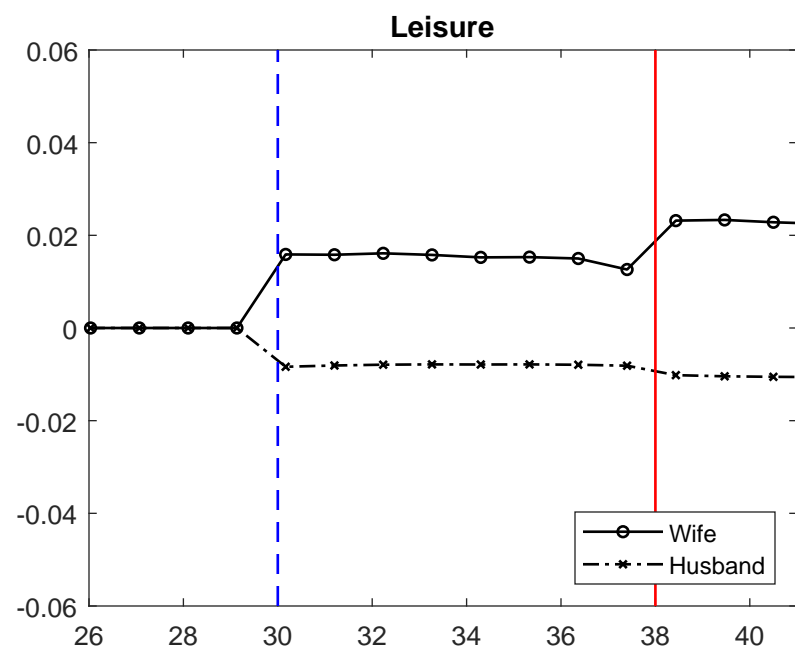
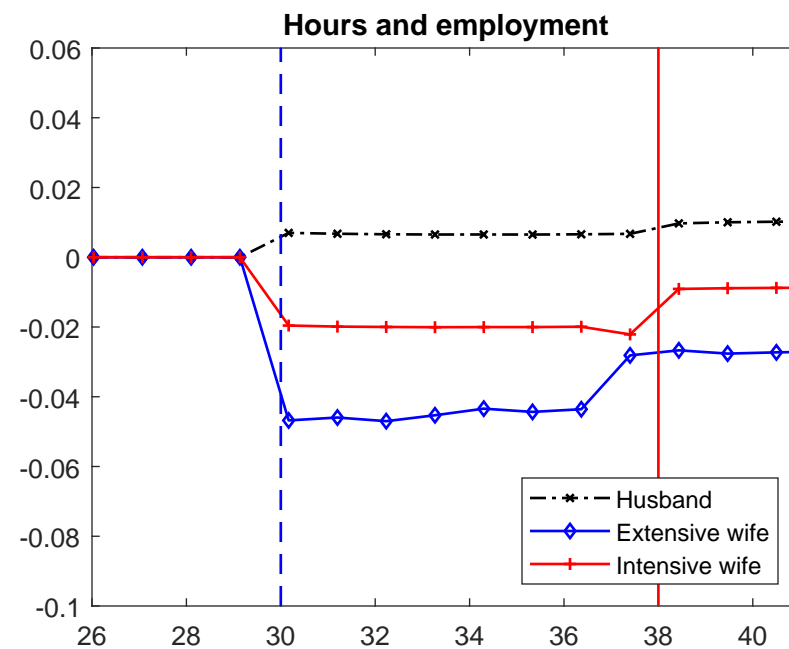
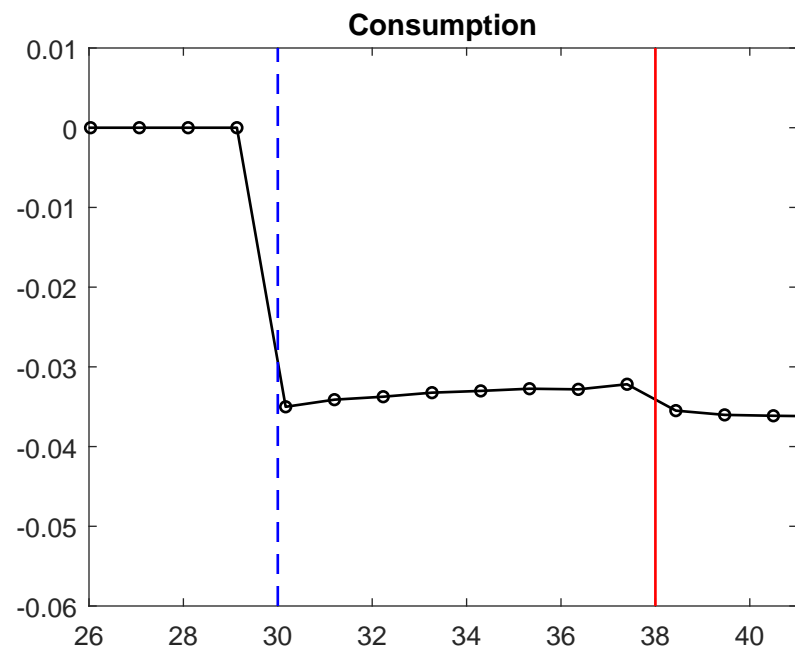


Fig. 2.—Impulse responses to a permanent 10 percent decline to wife's wages.